

TOWN OF LEEDEY, OKLAHOMA

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2013

**TOWN OF LEEDEY, OKLAHOMA
TOWN OFFICIALS
JUNE 30, 2013**

Roy McClendon

Mayor

Beth Bailey

Trustee

Danny Holcomb

Trustee

Karmen Nance

Trustee

Rod Gamble

Trustee

Loura Lee

Town Clerk/Treasurer

TOWN OF LEEDEY, OKLAHOMA
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Certified Public Accountants

*Glenn L. McCulley
Roselind C. McCulley*

*204 North Caddo
Post Office Box 1626
Weatherford, Oklahoma 73096*

*Voice (580) 772-8820
Fax (580) 772-0672*

*<http://prep.1040.com/mcculleycpas>
email: mmcpas@cebridge.net*

INDEPENDENT AUDITOR'S REPORT

To the Town Trustees
Town of Leedey, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leedey, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leedey, Oklahoma, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the management's discussion and analysis. Our opinion on the basic financial statements is not affected by this missing information. The budgetary comparison information is presented on page 24. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying financial information presented in the Other Supplementary Information section is presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Leedey, Oklahoma.

The combining and individual nonmajor fund financial statements and the comparative financial information for the PWA Utility Fund are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated February 26, 2015, on our consideration of the Town of Leedey, Oklahoma's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

McCulley & McCulley

Weatherford, Oklahoma

February 26, 2015

TOWN OF LEEDEY, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2013

	PRIMARY GOVERNMENT		
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
Cash on Hand	\$	\$ 124	\$ 124
Cash in Bank	333,353	121,032	454,385
Certificate of Deposit	40,310	13,048	53,358
Cash in Insurance Escrow		2,483	2,483
Restricted Assets:			
Cash in Bank		8,276	8,276
Certificate of Deposit		6,400	6,400
Accounts Receivable, Net:			
Services		12,953	12,953
Taxes	30,018		30,018
Intergovernmental	1,929		1,929
Prepaid Expenses	4,763	4,763	9,526
Capital Assets			
Net of Accumulated Depreciation	329,969	487,200	817,169
TOTAL ASSETS	<u>740,342</u>	<u>656,279</u>	<u>1,396,621</u>
LIABILITIES			
Accounts Payable	3,304	4,587	7,891
Accrued and Withheld Payroll			
Taxes Payable	233	169	402
Accrued Compensated Absences	1,351	863	2,214
Customer Deposits		14,676	14,676
TOTAL LIABILITIES	<u>4,888</u>	<u>20,295</u>	<u>25,183</u>
NET POSITION			
Net Investment in Capital Assets	329,969	487,200	817,169
Unrestricted Net Position	405,485	148,784	554,269
TOTAL NET POSITION	<u>\$ 735,454</u>	<u>\$ 635,984</u>	<u>\$ 1,371,438</u>

The accompanying notes are an integral part of these statements.

**TOWN OF LEEDEY, OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

FUNCTIONS/PROGRAMS	EXPENSES	OPERATING GRANTS AND CON- TRIBUTIONS	CAPITAL GRANTS AND CON- TRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
				PRIMARY GOVERNMENT		
				GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT						
Governmental Activities:						
General Government	\$ 28,701	\$	\$	\$ (28,701)	\$	\$ (28,701)
Law Enforcement	28,018	30		(27,113)		(27,113)
Fire Protection	8,418	500	4,484	(3,434)		(3,434)
Street and Alley	7,012	3,914		(3,098)		(3,098)
Cemetery	2,004	100		7,523		7,523
Parks and Recreation	12,708	2,640		15,982		15,982
Depreciation Expense	46,221			(46,221)		(46,221)
Other Governmental Activities	25,978			(25,978)		(25,978)
TOTAL GOVERNMENTAL ACTIVITIES	159,060	7,184	4,484	(111,040)	0	(111,040)
Business-type Activities:						
Water	60,581				21,092	21,092
Sewer	6,217				22,754	22,754
Trash	75,362				(27,162)	(27,162)
Other Utility Fund Expense	109,169				(109,169)	(109,169)
	0				0	0
TOTAL BUSINESS-TYPE ACTIVITIES	251,329	0	0	0	(92,485)	(92,485)
TOTAL PRIMARY GOVERNMENT	\$ 410,389	\$ 7,184	\$ 4,484	(111,040)	(92,485)	(203,525)
General Revenues						
Sales and Use Taxes				231,318		231,318
Intergovernmental Revenue				16,258		16,258
Cigarette Taxes				2,744		2,744
Franchise Taxes				7,948		7,948
Insurance Proceeds				33,444		33,444
Refund of Insurance Reserves					2,231	2,231
Interest Income				457	374	831
Royalties				3,111		3,111
Late Penalties					1,404	1,404
Other Income				948	4,620	5,568
Transfers				(68,000)	68,000	0
Total General Revenues and Transfers				228,228	76,629	304,857
Change in Net Position				117,188	(15,856)	101,332
NET POSITION						
Beginning of Year				618,266	651,840	1,270,106
End of Year				<u>\$ 735,454</u>	<u>\$ 635,984</u>	<u>\$ 1,371,438</u>

The accompanying notes are an integral part of these statements.

TOWN OF LEEDEY, OKLAHOMA
BALANCE SHEET - GOVERNMENTAL FUNDS -
MODIFIED ACCRUAL BASIS
JUNE 30, 2013

	<u>GENERAL FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
ASSETS			
Cash in Bank	\$ 300,729	\$ 32,624	\$ 333,353
Certificate of Deposit	22,000	18,310	40,310
Accounts Receivable, Net:			
Taxes	30,018		30,018
Intergovernmental	1,195	734	1,929
Prepaid Expenses	4,763		4,763
TOTAL ASSETS	<u>\$ 358,705</u>	<u>\$ 51,668</u>	<u>\$ 410,373</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 3,304	\$	\$ 3,304
Accrued and Withheld Payroll			
Taxes Payable	233		233
Accrued Compensated Absences	1,351		1,351
TOTAL LIABILITIES	<u>4,888</u>	<u>0</u>	<u>4,888</u>
FUND BALANCES			
Nonspendable	4,763		4,763
Restricted		6,989	6,989
Committed		30,454	30,454
Assigned		14,225	14,225
Unassigned	349,054		349,054
TOTAL FUND BALANCES	<u>353,817</u>	<u>51,668</u>	<u>405,485</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 358,705</u>	<u>\$ 51,668</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

329,969

Net Position of Governmental Activities

\$ 735,454

The accompanying notes are an integral part of these statements.

TOWN OF LEEDEY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
YEAR ENDED JUNE 30, 2013

	GENERAL FUND	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
REVENUES			
Sales and Use Tax	\$ 231,318	\$	\$ 231,318
Intergovernmental Revenue	20,742	3,914	24,656
Cigarette Tax	2,744		2,744
Franchise Tax	7,948		7,948
Interest	346	111	457
Donations	3,150	120	3,270
Royalties	3,111	9,326	12,437
Short-term Rental of Facilities	23,130	2,920	26,050
Insurance Proceeds	1,296	32,148	33,444
Police Fines	875		875
Sales of Capital Assets		101	101
Other Income	930	18	948
TOTAL REVENUES	<u>295,590</u>	<u>48,658</u>	<u>344,248</u>
EXPENDITURES			
Administrative and Salaries	28,701		28,701
Fire Department	8,418		8,418
Law Enforcement	28,018		28,018
Park and Recreation	10,371	2,337	12,708
Maintenance & Operations	25,978		25,978
Cemetery		2,004	2,004
Street and Alley		7,012	7,012
Capital Outlay	11,616	12,000	23,616
TOTAL EXPENDITURES	<u>113,102</u>	<u>23,353</u>	<u>136,455</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>182,488</u>	<u>25,305</u>	<u>207,793</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	0	4,000	4,000
Transfers (Out)	(72,000)	0	(72,000)
TOTAL OTHER FINANCING	<u>(72,000)</u>	<u>4,000</u>	<u>(68,000)</u>
NET CHANGE IN FUND BALANCES	110,488	29,305	139,793
FUND BALANCE			
Beginning of Year	243,329	22,363	265,692
End of Year	<u>\$ 353,817</u>	<u>\$ 51,668</u>	<u>\$ 405,485</u>

The accompanying notes are an integral part of these statements.

**TOWN OF LEEDEY, OKLAHOMA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 139,793
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

<u>(22,605)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>117,188</u>
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The accompanying notes are an integral part of these statements.

TOWN OF LEEDEY, OKLAHOMA
STATEMENT OF NET POSITION
BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUND
LEEDEY PUBLIC WORKS AUTHORITY
JUNE 30, 2013

ASSETS

Current Assets:

Cash on Hand	\$ 124
Cash in Bank	121,032
Certificate of Deposit	13,048
Cash in Insurance Escrow	2,483
Restricted Assets:	
Cash in Bank	8,276
Certificate of Deposit	6,400
Accounts Receivable, Net	12,953
Prepaid Expenses	4,763
Total Current Assets	<u>169,079</u>

Noncurrent Assets:

Capital Assets, Net of	
Accumulated Depreciation	<u>487,200</u>
Total Noncurrent Assets	<u>487,200</u>

TOTAL ASSETS

656,279

LIABILITIES

Current Liabilities:

Accounts Payable	4,587
Accrued Compensated Absences	863
Accrued Payroll Taxes Payable	169
Customer Deposits	14,676
Current Portion Long-term Debt	
Total Current Liabilities	<u>20,295</u>

Noncurrent Liabilities

Long-term Debt	
Total Noncurrent Liabilities	<u>0</u>

TOTAL LIABILITIES

20,295

NET POSITION

Net Investment in Capital Assets	487,200
Unrestricted	<u>148,784</u>

TOTAL NET POSITION

\$ 635,984

The accompanying notes are an integral part of these statements.

**TOWN OF LEEDEY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - ENTERPRISE FUND
LEEDEY PUBLIC WORKS AUTHORITY
YEAR ENDED JUNE 30, 2013**

OPERATING REVENUES

Water Sales	\$ 81,673
Trash Collections	48,200
Sewer Sales	28,971
Late Penalties	1,404
Refund of Insurance Reserves	2,231
Other Revenue	4,620
	<hr/>

TOTAL OPERATING REVENUES

167,099

OPERATING EXPENSES

Compensation and Benefits	67,759
Depreciation	23,578
Insurance	4,343
Administration	9,818
Water Department	60,581
Solid Waste Management	75,362
Professional Fees	2,615
Sewer Department	6,217
Other	1,056
	<hr/>

TOTAL OPERATING EXPENSES

251,329

INCOME (LOSS) FROM OPERATIONS

(84,230)

NONOPERATING REVENUES (EXPENSES)

Interest Income	374
	<hr/>

**INCOME (LOSS) BEFORE
TRANSFERS**

(83,856)

TRANSFERS IN (OUT)

Transfers In	68,000
Transfers (Out)	<hr/>

NET TRANSFERS IN (OUT)

68,000

CHANGE IN NET POSITION

(15,856)

TOTAL NET POSITION

Beginning of Year	<hr/> 651,840
End of Year	\$ <hr/> <hr/> 635,984

The accompanying notes are an integral part of these statements.

TOWN OF LEEDEY, OKLAHOMA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUND
LEEDEY PUBLIC WORKS AUTHORITY
YEAR ENDED JUNE 30, 2013

Cash Flows from Operating Activities

Cash Received from Customers	\$ 166,010
Cash Paid for Goods and Services	(160,034)
Cash Paid to Employees	<u>(69,170)</u>

Net Cash (Used for) Operating Activities	<u>(63,194)</u>
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Cash Flows from Noncapital Financing Activities

Transfers In	68,000
Transfers (Out)	<u>0</u>

Net Cash Provided by Noncapital Financing Activities	<u>68,000</u>
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Cash Flows from Capital and Related Financing Activities

Acquisition of Capital Assets and Other Assets	<u>0</u>
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Net Cash (Used for) Capital and Related Financing Activities	<u>0</u>
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Cash Flows from Investing Activities

Interest Received on Cash and Cash Equivalents	<u>374</u>
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Net Cash Provided by Investing Activities	<u>374</u>
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Increase in Cash and Cash Equivalents	5,180
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Balance of Cash and Cash Equivalents

Beginning of Year	<u>146,183</u>
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End of Year	<u><u>\$ 151,363</u></u>
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**Reconciliation of Operating (Loss) to Net Cash
(Used for) Operating Activities:**

Operating (Loss)	\$ <u>(84,230)</u>
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Adjustments to Reconcile Operating (Loss) to
Net Cash (Used for) Operating Activities

Depreciation	23,578
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	(1,738)
(Increase) in Prepaid Expenses	(850)
Increase in Accounts Payable	808
(Decrease) in Accrued Compensated Absences	(1,452)
Increase in Accrued Payroll Taxes	41
Increase in Customer Deposits	649

Total Adjustments	<u>21,036</u>
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Net Cash (Used for) Operating Activities	<u><u>\$ (63,194)</u></u>
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The accompanying notes are an integral part of these statements.

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

1. Summary of Significant Accounting Policies.

The accounting policies of the Town of Leedey, Oklahoma, (the Town), conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies and procedures.

A. Reporting Entity.

The Town of Leedey, Oklahoma, is an incorporated Town under the provisions of the State of Oklahoma. It operates under the Statutory Town Board of Trustees form of government and provides the following services: public safety (fire & police), streets, and general administrative services. Other services include utilities operations.

The Town, for financial purposes, includes all of the funds, capital assets, and debt relevant to the operations of the Town of Leedey. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Leedey.

The financial statements of the Town include those of any separately administered organization that is controlled by or dependent on the town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board, and financial interdependency. Based on the foregoing criteria, the financial statements of the Leedey Public Works Authority are included in the accompanying financial statements. The Leedey Public Works Authority was established on September 17, 1982, under and pursuant to Title 60 of Oklahoma Statutes 1981 and the Oklahoma Trust Act. The purposes of the trust are to provide utility services and facilities and to promote the development of industrial, cultural, educational, medical and health care activities and facilities. The Town Trustees also serve as the trustees of the Authority. Operations of the Leedey Public Works Authority are reported as a proprietary fund type. The Leedey Public Works Authority operates one enterprise fund - the PWA Utility Fund.

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

1. Summary of Significant Accounting Policies (continued).

B. Basic Financial Statements.

Basic financial statements include a Statement of Net Position and Statement of Activities for the government-wide and business-type activities. The government-wide financial statements report on the Town as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effects of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Town. It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position are required to be displayed in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net investment in capital assets are capital assets net of accumulated depreciation and reduced by the outstanding balances of any mortgages or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provision or enabling legislation. All net position not otherwise classified as restricted are shown as unrestricted. Generally, the Town would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

1. Summary of Significant Accounting Policies (continued).

B. Basic Financial Statements (continued).

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grant and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. General revenues normally support the net costs of the functions and programs not covered by program revenues.

Basic financial statements also include fund financial statements for the governmental and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds based upon a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined, it also gives governments the option of displaying other funds as major funds. Other nonmajor funds are combined in a single column on the fund financial statements.

Governmental Funds.

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted in another fund. This fund is always to be considered as a major fund, regardless of its size.

Other Governmental Funds - This column is the summarization of all the nonmajor governmental funds. These were known as special revenue funds under the previous reporting model. Special revenue funds were used to account for all proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

1. Summary of Significant Accounting Policies (continued).

B. Basic Financial Statements (continued).

Proprietary Funds.

The Town of Leedey has one proprietary fund type and is operated under the name of the Leedey Public Works Authority. The Leedey Public Works Authority operates one enterprise fund - PWA Utility Fund. The PWA Utility Fund provides water, sewer, and trash collection services to the Town and its citizens. It is considered to be a major fund.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises (ie. where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period (normally within 60 days). Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

1. Summary of Significant Accounting Policies (continued).

D. Capital Assets.

All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair market value at the time of donation. On June 2, 2009, the Board of Trustees approved a capitalization policy to capitalize only those capital assets with an historical cost of \$5,000 or more. Depreciation on capital assets is computed using the straight line method over the estimated useful life of the related asset.

Governmental capital assets are shown in the governmental funds as capital outlay expenditures. They are depreciated and shown in the government-wide financial statements under governmental activities. Infrastructure assets (roads, sidewalks, bridges, etc.) are also reported and depreciated. According to GASB statement 34, retroactively reporting of infrastructure assets is not required by the Town. However, the Town has elected to include those infrastructure assets acquired since July 1, 1992, in these financial statements.

E. Compensated Absences.

The General Fund and PWA Utility Fund vacation and sick leave policy allows its employees to accumulate up to 20 days accrued vacation leave. Sick leave can be accumulated up to 30 days. Upon separation, the employee may receive payment for unused vacation leave but not unused sick leave. The Utility Fund pays sick leave as it is used. These financial statements accrue for unused vacation leave that is expected to be paid from these funds. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources as they are considered matured, ie. when an employee resigns or retires. The proprietary funds report the liability as it is incurred.

F. Allowance for Bad Debts.

Management periodically reviews its accounts receivable to determine if an account is collectible. An allowance for bad debts is established for those accounts where collection is deemed to be uncertain.

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

1. Summary of Significant Accounting Policies (continued).

G. Operating Revenues and Expenses.

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the respective enterprise funds. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities.

H. Fund Balance Classifications.

The following fund balance classifications have been required by the Governmental Accounting Standards Board:

Nonspendable - Amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Amounts that can be spent only for the specific purposes stipulated by external resource providers, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed - Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned - Amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

1. Summary of Significant Accounting Policies (continued).

H. Fund Balance Classifications (continued).

Unassigned - residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, than it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

Generally, the Town would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. Cash, Certificates of Deposits, and Cash Equivalents.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town has a policy of requiring collateral for amounts in excess of FDIC insurance levels. At June 30, 2013, the carrying amount of the Town's cash in bank and certificate of deposits were \$522,419 and the bank balance was \$553,418. Of the bank balance, \$309,758 was covered by Federal Depository Insurance, \$100,000 collateralized by a Federal Home Loan Bank letter of credit, and \$143,660 was not insured nor collateralized. The cash in insurance escrow are funds held by the insurance company. It is not known if these are insured or collateralized.

Authorized investments by state statute include certificate of deposits, obligations of the U. S. Treasury, and funds secured by obligations of the U. S. Treasury.

Restricted cash and other assets in the business-type activities consist of assets restricted for customer meter deposits. The customer meter deposits are offset by a related liability payable.

Following is a schedule of restricted assets:

Assets Restricted for Customer Deposits:	
Cash in Bank	\$ 8,276
Certificate of Deposit	<u>6,400</u>
Total Restricted Assets	<u>\$ 14,676</u>

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

2. Cash, Certificates of Deposits, and Cash Equivalents
(continued) .

Cash and cash equivalents for cash flow presentation purposes include the entity's cash on hand, cash in bank, certificates of deposit, cash in insurance escrow, and restricted assets.

3. Accounts Receivable, Net.

Accounts Receivable, net, consist of the accounts receivable for the entity less its allowance for bad debt (if any) as follows:

	<u>Governmental</u>		<u>Business</u>	
	<u>General</u>	<u>Other</u>	<u>-Type</u>	
	<u>Fund</u>	<u>Gov't</u>	<u>Utility</u>	<u>Total</u>
		<u>Fund</u>	<u>Fund</u>	
Charges for Services	\$	\$	\$ 13,223	\$ 13,223
Taxes	30,018			30,018
Intergovernmental	1,195	734		1,929
Less Loss Allowance			(270)	(270)
Total Accounts				
Receivable, Net	<u>\$31,213</u>	<u>\$ 734</u>	<u>\$ 12,953</u>	<u>\$ 44,900</u>

4. Capital Assets.

Capital asset activity for the year ending June 30, 2013 was as follows:

	<u>Primary Government</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>June 30,</u>			<u>June 30,</u>
<u>CAPITAL ASSETS</u>	<u>2012</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>2013</u>
Governmental Activities:				
Land (no depr.)	\$ 20,250	\$	\$	\$ 20,250
Building	155,972	17,116	(4,750)	168,338
Equipment	260,319	6,500		266,819
Infrastructure	<u>390,671</u>			<u>390,671</u>
Total Cost	<u>827,212</u>	<u>23,616</u>	<u>(4,750)</u>	<u>846,078</u>

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

4. Capital Assets (continued).

<u>CAPITAL ASSETS</u>	<u>Primary Government</u>		
	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>(Deletions)</u>
			<u>Balance June 30, 2013</u>
Governmental Activities (continued):			
Less Accumulated Depreciation:			
Building	(77,555)	(6,239)	4,750
Equipment	(191,249)	(15,011)	
Infra-Structure	(205,834)	(24,971)	
Total Accumulated Depr.	(474,638)	(46,221)	4,750
Net Govern-mental Activ-ities	<u>\$ 352,574</u>	<u>\$ (22,605)</u>	<u>\$ -0-</u>
Business-type Activities - Utility Operations:			
Land (no depr.)	\$ 28,442	\$	\$ 28,442
Water & Sewer System	894,137		894,137
Equipment	42,169		42,169
Total Costs	964,748		964,748
Less Accumulated Depreciation:			
Water & Sewer System	(412,991)	(22,501)	(435,492)
Equipment	(40,979)	(1,077)	(42,056)
Total Accumulated Depr.	(453,970)	(23,578)	(477,548)
Net Business-type Activ-ities	<u>\$ 510,778</u>	<u>\$ (23,578)</u>	<u>\$ -0-</u>

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

4. Capital Assets (continued).

Depreciation expense is not allocated between functions/programs but only expended within the specific activities/funds. Total depreciation expense is as follows:

Governmental Activities	\$ 46,221
Business-type Activities	<u>23,578</u>
Total Depreciation Expense	<u>\$ 69,799</u>

5. Pension Plan - Volunteer Firefighters.

Oklahoma Firefighters Pension and Retirement System.

Plan Description. The Town participates in the Oklahoma Firefighters Pension and Retirement System (the Plan) for its volunteer fire fighters. The Plan provides retirement, death and disability benefits to plan members and beneficiaries. The Plan is an agent multiple-employer (or municipality) contributory defined benefit pension plan. The authority to amend and establish the benefit provisions of the Plan rests with the Board of Trustees of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Oklahoma Fire Pension and Retirement System, c/o Oklahoma State Fire Fighters Association, 4545 N. Lincoln Blvd., Oklahoma City, OK 73105-3414.

Funding Policy. Voluntary firemen do not contribute to the Plan. The Town contributes \$60 for each volunteer fireman as set by the Oklahoma Statutes. The State contributes 34% of the Insurance Premium Tax to the Plan.

Annual Pension Cost. During the year ended June 30, 2013, the Town contributed \$1,800 to the Plan. The actuarial valuation report, dated July 1, 2013, does not give disclosure information by municipality or employer.

Actuarial Assumptions. Significant actuarial assumptions used include: (a) a rate of return on the investment of present and future assets of 7.5%, and (b) a constant benefit level. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of the insurance premium tax allocation fund on a closed basis. The remaining amortization period at July 1, 2013, was 21 years.

**TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

6. Risk Management.

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town purchases commercial insurance to reduce their risk of loss. These insurance policies have a deductible ranging from zero to \$1,000. There have not been any settlements that exceeded insurance coverage for each of the past three years.

The Town participates in a workers compensation plan that carries a requirement for a self-funded retention level. At June 30, 2013, the Town's loss fund retention level was \$3,561. Other funds held by the plan for the Town's benefit totaled \$4,106 and escrow funds totaled \$2,483. Excess workers compensation coverage is purchased so the Town's liability for claim losses is limited to their retention level.

7. Interfund Transfers.

The Town periodically makes transfers to different funds to increase their liquidity and ability to purchase goods and services. Interfund transfers for the year ending June 30, 2013 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
General	\$	\$ (72,000)
Utility	68,000	
Other Governmental	<u>4,000</u>	<u> </u>
Totals	<u>\$ 72,000</u>	<u>\$ (72,000)</u>

TOWN OF LEEDEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

8. Fund Balance Classifications.

	<u>GENERAL FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
FUND BALANCES:			
Nonexpendable:			
Prepaid Expenses	\$ 4,763	\$	\$ 4,763
Restricted for:			
Cemetery Maintenance		5,456	5,456
Cemetery Improvements		378	378
Museum Maintenance or Improvements		1,155	1,155
Committed to:			
Cemetery Maintenance		6,796	6,796
Cemetery Improvements		493	493
Street & Alley Improvements		1,274	1,274
Museum Maintenance or Improvements		47	47
Community Building Maintenance or Improvements		21,844	21,844
Assigned to:			
Cemetery Maintenance		14,200	14,200
Cemetery Improvements		25	25
Unassigned:	349,054		349,054
Total Fund Balances	\$ <u>353,817</u>	\$ <u>51,668</u>	\$ <u>405,485</u>

Restricted fund balances are special revenue funds with resources restricted by state statutes, donors, or federal guidelines.

Committed fund balances are special revenue funds that have been established by the governing body with resources used for specific purposes as noted.

Assigned fund balances are special revenue funds funds that have earned interest and represents the unexpended accumulated earnings obtained from the readily available records since fiscal year 1992. Any unexpended accumulated earnings prior to that time is considered to be committed.

The Town of Leedey has not established a formal policy on the order of spending. This report assumes that restricted resources will be expended first, then unrestricted (in this order - committed, assigned, and unassigned).

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LEEDEY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	BUDGET		ACTUAL -	BUDGET TO	
	ORIGINAL	FINAL	BUDGETARY	GAAP	ACTUAL -
			BASIS	DIFFERENCES	GAAP
				INCREASE	BASIS
				(DECREASE)	
REVENUES					
Sales and Use Tax	\$ 235,839	\$ 235,839	\$ 241,850	\$ (10,532)	\$ 231,318
Intergovernmental	13,626	13,626	20,440	302	20,742
Cigarette Tax	2,923	2,923	3,077	(333)	2,744
Franchise Tax	7,742	7,742	8,740	(792)	7,948
Interest	323	323	430	(84)	346
Donations			3,150		3,150
Royalties	2,985	2,985	3,111		3,111
Short-Term Rental of Facilities	18,626	18,626	23,130		23,130
Insurance Proceeds			1,296		1,296
Police Fines	495	495	875		875
Sales of Capital Assets			0		0
Other Income			2,367	(1,437)	930
TOTAL REVENUES	282,559	282,559	308,466	(12,876)	295,590
EXPENDITURES					
Personal Services	75,000	75,000	46,980	(4,057)	42,923
Maintenance and Operations	290,455	290,455	49,787	8,776	58,563
Capital Outlay	55,000	55,000	11,616		11,616
TOTAL EXPENDITURES	420,455	420,455	108,383	4,719	113,102
EXCESS OF REVENUES					
OVER EXPENDITURES					
BEFORE OTHER FINANCING					
SOURCES (USES)	(137,896)	(137,896)	200,083	(17,595)	182,488
OTHER FINANCIAL					
SOURCES (USES)					
Net Transfers In (Out)	(56,000)	(56,000)	(72,000)		(72,000)
EXCESS OF REVENUES AND					
OTHER FINANCING SOURCES					
OVER (UNDER) EXPENDITURES	(193,896)	(193,896)	128,083	(17,595)	110,488
FUND BALANCE					
Beginning of Year	193,896	193,896	193,896	49,433	243,329
End of Year	\$ 0	\$ 0	\$ 321,979	\$ 31,838	\$ 353,817

See the accompanying auditor's report and notes to required supplementary information.

TOWN OF LEEDEY, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDING JUNE 30, 2013

The Budget and Actual statement reports the original budget as approved and the final budget as amended. The Town only budgets for the general fund in accordance with the State of Oklahoma's estimate of needs laws. The Town's general fund budget is adopted at the beginning of each fiscal year and published in the local or regional newspaper. Unused appropriations lapse at the end of the year. Amendments to the budgetary data can be made by a vote of the Board of Trustees. This form is prepared on the cash basis of accounting (budgetary basis). Typically only 90% of the prior year actual revenues can be budgeted for the current year. Total estimated revenue and ending cash balance is budgeted as expenditures for the current year. No amendment was made to the budget.

OTHER SUPPLEMENTARY INFORMATION

**TOWN OF LEEDEY, OKLAHOMA
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS - MODIFIED ACCRUAL BASIS
JUNE 30, 2013**

	NONMAJOR SPECIAL REVENUE FUNDS					TOTAL OTHER GOVERN- MENTAL
	CEMETERY FUND	CEMETERY CARE FUND	STREET & ALLEY FUND	MUSEUM FUND	COMMUNITY BUILDING FUND	
ASSETS						
Cash in Bank	\$ 816	\$ 8,222	\$ 540	\$ 1,202	\$ 21,844	\$ 32,624
Certificate of Deposits	18,310					18,310
Due from (to) Other Funds	7,326	(7,326)				0
Accounts Receivable - Intergovernmental			734			734
TOTAL ASSETS	<u>\$ 26,452</u>	<u>\$ 896</u>	<u>\$ 1,274</u>	<u>\$ 1,202</u>	<u>\$ 21,844</u>	<u>\$ 51,668</u>
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Accounts Payable	\$	\$	\$	\$	\$	\$ 0
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND EQUITY						
Fund Balance						
Nonspendable						0
Restricted	5,456	378		1,155		6,989
Committed	6,796	493	1,274	47	21,844	30,454
Assigned	14,200	25				14,225
Unassigned						0
TOTAL FUND BALANCE	<u>26,452</u>	<u>896</u>	<u>1,274</u>	<u>1,202</u>	<u>21,844</u>	<u>51,668</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 26,452</u>	<u>\$ 896</u>	<u>\$ 1,274</u>	<u>\$ 1,202</u>	<u>\$ 21,844</u>	<u>\$ 51,668</u>

See accompanying auditor's report.

TOWN OF LEEDEY, OKLAHOMA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS - MODIFIED ACCRUAL
YEAR ENDED JUNE 30, 2013

	NONMAJOR SPECIAL REVENUE FUNDS					TOTAL OTHER GOVERN- MENTAL
	CEMETERY FUND	CEMETERY CARE FUND	STREET & ALLEY FUND	MUSEUM FUND	COMMUNITY BUILDING FUND	
REVENUES						
Intergovernmental Revenue	\$	\$	\$ 3,914	\$	\$	\$ 3,914
Insurance Proceeds				12,122	20,026	32,148
Property Sales	88	13				101
Royalties	9,326					9,326
Interest Income	101	10				111
Short-term Rental of Facilities					2,920	2,920
Other Revenue			18			18
Donations	100			20		120
TOTAL REVENUES	<u>9,615</u>	<u>23</u>	<u>3,932</u>	<u>12,142</u>	<u>22,946</u>	<u>48,658</u>
EXPENDITURES						
Administration						0
Cemetery	2,004					2,004
Street and Alley			7,012			7,012
Park and Recreation					2,337	2,337
Capital Outlay				12,000		12,000
TOTAL EXPENDITURES	<u>2,004</u>	<u>0</u>	<u>7,012</u>	<u>12,000</u>	<u>2,337</u>	<u>23,353</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,611	23	(3,080)	142	20,609	25,305
OTHER FINANCING SOURCES (USES)						
Transfers In			3,000		1,000	4,000
Transfers (Out)						0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	7,611	23	(80)	142	21,609	29,305
FUND BALANCE						
Beginning of Year	18,841	873	1,354	1,060	235	22,363
						0
End of Year	<u>\$ 26,452</u>	<u>\$ 896</u>	<u>\$ 1,274</u>	<u>\$ 1,202</u>	<u>\$ 21,844</u>	<u>\$ 51,668</u>

See accompanying auditor's report.

**TOWN OF LEEDEY, OKLAHOMA
COMPARATIVE BALANCE SHEET
LEEDEY PUBLIC WORKS AUTHORITY
UTILITY FUND
JUNE 30, 2013 AND 2012**

	JUNE 30,	
	2013	2012
ASSETS		
Cash on Hand	\$ 124	\$ 124
Cash in Bank	121,032	118,732
Certificate of Deposit	13,048	13,048
Cash in Insurance Escrow	2,483	252
Restricted Assets:		
Cash in Bank	8,276	7,627
Certificate of Deposit	6,400	6,400
Accounts Receivable, Net	12,953	11,215
Prepaid Expenses	4,763	3,913
Capital Assets		
Net of Accumulated Depreciation	<u>487,200</u>	<u>510,778</u>
TOTAL ASSETS	\$ <u>656,279</u>	\$ <u>672,089</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	\$ 4,587	\$ 3,779
Accrued Compensated Absences	863	2,315
Accrued Payroll Taxes Payable	169	128
Customer Deposits	<u>14,676</u>	<u>14,027</u>
TOTAL LIABILITIES	<u>20,295</u>	<u>20,249</u>
NET POSITION		
Net Investment in Capital Assets	487,200	510,778
Unrestricted	<u>148,784</u>	<u>141,062</u>
TOTAL NET POSITION	<u>635,984</u>	<u>651,840</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>656,279</u>	\$ <u>672,089</u>

See accompanying auditor's report.

TOWN OF LEEDEY, OKLAHOMA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - LEEDEY PUBLIC WORKS
AUTHORITY - UTILITY FUND
YEARS ENDED JUNE 30, 2013 AND 2012

	JUNE 30,	
	2013	2012
OPERATING REVENUES		
Water Sales	\$ 81,673	\$ 73,614
Trash Collections	48,200	45,279
Sewer Sales	28,971	28,761
Late Penalties	1,404	2,422
Refund of Insurance Reserves	2,231	
Other Revenue	4,620	2,943
TOTAL OPERATING REVENUES	167,099	153,019
OPERATING EXPENSES		
Compensation and Benefits	67,759	42,170
Depreciation	23,578	23,579
Insurance	4,343	9,553
Water Department	60,581	64,800
Solid Waste Management	75,362	29,118
Professional Fees	2,615	2,888
Administration/Office Expense	9,818	15,632
Sewer Department	6,217	6,721
Other	1,056	
TOTAL OPERATING EXPENSES	251,329	194,461
(LOSS) FROM OPERATIONS	(84,230)	(41,442)
NONOPERATING REVENUE (EXPENSE)		
Interest Income	374	369
Interest Expense		
(LOSS) BEFORE TRANSFERS	(83,856)	(41,073)
TRANSFERS IN (OUT)		
Transfers In	68,000	46,000
Transfers (Out)	0	(100)
CHANGE IN NET POSITION	(15,856)	4,827
NET POSITION		
Beginning of Year	651,840	647,013
End of Year	\$ 635,984	\$ 651,840

See accompanying auditor's report.

**TOWN OF LEEDEY, OKLAHOMA
COMPARATIVE STATEMENT OF CASH FLOWS -
LEEDEY PUBLIC WORKS AUTHORITY - UTILITY FUND
YEARS ENDED JUNE 30, 2013 AND 2012**

	JUNE 30,	
	2013	2012
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 166,010	\$ 156,199
Cash Paid for Goods and Services	(160,034)	(129,319)
Cash Paid to Employees	(69,170)	(42,055)
Net Cash (Used for) Operating Activities	<u>(63,194)</u>	<u>(15,175)</u>
Cash Flows from Noncapital Financing Activities		
Transfers In	68,000	46,000
Transfers (Out)		(100)
Net Cash Provided by Noncapital Financing Activities	<u>68,000</u>	<u>45,900</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets and Other Asset		
Net Cash (Used for) Capital and Related Financing Activities	<u>0</u>	<u>0</u>
Cash Flows from Investing Activities		
Interest Received on Cash and Cash Equivalents	374	369
Net Cash Provided by Investing Activities	<u>374</u>	<u>369</u>
Increase in Cash and Cash Equivalents	5,180	31,094
Balance of Cash and Cash Equivalents		
Beginning of Year	<u>146,183</u>	<u>115,089</u>
End of Year	<u>\$ 151,363</u>	<u>\$ 146,183</u>

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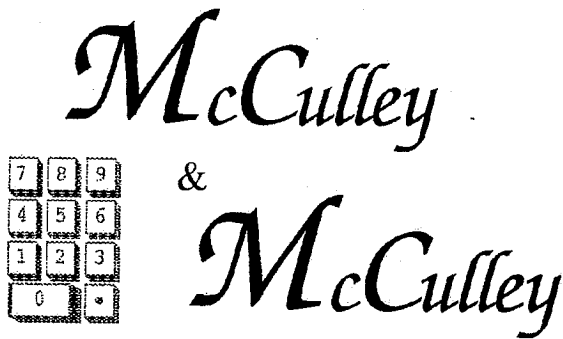
See accompanying auditor's report.

**TOWN OF LEEDEY, OKLAHOMA
COMPARATIVE STATEMENT OF CASH FLOWS -
LEEDEY PUBLIC WORKS AUTHORITY - UTILITY FUND
YEARS ENDED JUNE 30, 2013 AND 2012**

(Continued)

	JUNE 30,	
	<u>2013</u>	<u>2012</u>
Reconciliation of Change in Net Position to Net Cash (Used for) Operating Activities:		
Change in Net Position	\$ <u>(15,856)</u>	\$ <u>4,827</u>
Adjustments to Reconcile Change in Net Position to Net Cash (Used for) Operating Activities		
Depreciation	23,578	23,579
Interest Income	(374)	(369)
Transfer (In)	(68,000)	(46,000)
Transfer Out		100
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(1,738)	2,115
(Increase) in Prepaid Expenses	(850)	(3,341)
Increase in Accounts Payable	808	2,734
(Decrease) in Accrued Compensated Absences	(1,452)	(13)
Increase in Accrued Payroll Taxes	41	128
Increase in Customer Deposits	<u>649</u>	<u>1,065</u>
Total Adjustments	<u>(47,338)</u>	<u>(20,002)</u>
Net Cash (Used for) Operating Activities	\$ <u><u>(63,194)</u></u>	\$ <u><u>(15,175)</u></u>

See accompanying auditor's report.



Certified Public Accountants

Glenn L. McCulley
Roselind C. McCulley

204 North Caddo
Post Office Box 1626
Weatherford, Oklahoma 73096

Voice (580) 772-8820
Fax (580) 772-0672

<http://prep.1040.com/mcculleycpas>
email: mmcpas@cebridge.net

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Town Trustees
Town of Leedey, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Leedey, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 26, 2015. The Town has elected to omit the management discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Leedey, Oklahoma's, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Leedey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to

identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and deficiencies, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described as item #1 in the accompanying schedule of findings and deficiencies, to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as item #2 in the accompanying schedule of findings and deficiencies, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under Government Auditing Standards.

Town of Leedey, Oklahoma's Response to Findings

The Town of Leedey, Oklahoma's, response to the findings identified in our audit is described in the accompanying schedule of findings and deficiencies. Town of Leedey's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of

that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McCulley & McCulley

Weatherford, Oklahoma

February 26, 2015

**TOWN OF LEEDEY, OKLAHOMA
SCHEDULE OF FINDINGS AND DEFICIENCIES
FOR THE YEAR ENDING JUNE 30, 2013**

1. Adequate Segregation of Duties.

Condition and Effect - The Town and Authority do not have adequate segregation of duties for internal control structure purposes due to a limited amount of personnel. The effect of this weakness could allow fraud to occur and not be detected in a timely manner.

Recommendation - Segregate the duties as much as possible if new employees are hired.

Response - These entities have purchased surety bond insurance to reduce any risk of loss and considers the cost of adequately segregating these duties as not being economically feasible.

2. Reconciliation of the Accounting Records.

Condition and Effect - During the year ending June 30, 2013, we noted a few entries were posted with the incorrect date (ie. 2012 was posted as 2002). These errors in the year entered were not found and corrected during the bank reconciliation process. We also noted that reconciling items in the bank reconciliations were not investigated to ensure they were properly recorded as outstanding items. Noted several checks and deposits outstanding on the bank reconciliation that either should have been cleared or corrections made for duplicate postings. The effect is not having a proper ending balance for the cash in bank amounts in the accounting records.

Recommendation - To ensure accuracy in the accounting records, the Town should make sure the dates are posted correctly. One way to help is to use the accounting program password protection system that allows you to set a password to prevent any accidental posting of a transaction to a prior period. Reconciling items on bank reconciliations should be reviewed and double checked to ensure they are not duplicate postings. Corrections, if any, should be made as appropriate.

Response - The Town will make the audit corrections for the duplicate postings and do better review of the bank reconciliations in the future to ensure reconciling items are true reconciling items.

**TOWN OF LEEDEY, OKLAHOMA
UPDATE ON PRIOR YEAR AUDIT COMMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

1. Adequate Segregation of Duties.

Condition and Effect - The Town and Authority do not have adequate segregation of duties for internal control structure purposes due to a limited amount of personnel. The effect of this weakness could allow fraud to occur and not be detected in a timely manner.

Recommendation - Segregate the duties as much as possible if new employees are hired.

Response - These entities have purchased surety bond insurance to reduce any risk of loss and considers the cost of adequately segregating these duties as not being economically feasible.

Updated Comment - Condition is the same. Comment repeated in the current year's audit.

2. Reconstruction of the Accounting Records.

Condition and Effect - The Town had a computer system crash and lost its accounting records in fiscal year 2011. The back up system that was in place at that time was not able to be restored on the new computer system. The Town now uses an online backup system. The time it took to reconstruct the accounting records resulted in these deficiencies for fiscal year 2011 and 2012: 1) Several entries posted were posted with the incorrect date. (ie. 2011 year was posted as 2001, 2012 was posted as 2002). 2) Bank reconciliations to the reconstructed records were done after the fiscal year end. When errors were found, the corrections were posted as of the date the error was found versus being corrected as of the date it should have been posted. The errors in the year entered as noted in 1) above were not found and corrected. 3) Reconciling items in the bank reconciliations were not investigated to ensure they were properly recorded as outstanding items. Noted several checks and deposits outstanding on the bank reconciliation that either should have been cleared or corrections made for duplicate postings. The effect is not having a proper ending balance for the cash in bank amounts in the accounting records.

**TOWN OF LEEDEY, OKLAHOMA
UPDATE ON PRIOR YEAR AUDIT COMMENTS
FOR THE YEAR ENDING JUNE 30, 2013**

2. Reconstruction of the Accounting Records (continued).

Recommendation - When reconstructing the accounting records, the Town should still post the transactions as of the date they occurred. To ensure accuracy, the Town should make sure the dates are posted correctly. One way to help is to use the accounting program password protection system that allows you to set a password to prevent any accidental posting of a transaction to a prior period. Reconciling items on bank reconciliations should be reviewed and double checked to ensure they are not duplicate postings. Corrections that are found should be posted as of the date they occurred versus the date they were found. Backup systems should be tested to ensure they can be restored, if necessary.

Response - The Town will make the corrections for the duplicate postings and do better review of the bank reconciliations in the future. The delay in reconciling the bank statements was due to reconstructing the accounting records. The Town is current now on its bank reconciliations. It will make the audit adjustments to the bank accounts and correct the reconciliations for the corrected items. The Town will also investigate other reconciling items shown after June 30, 2012, to make sure they are true reconciling items.

Updated Comment - This recommendation was partially implemented. Comment revised in the current year's audit report.